

SPEECH ON THE BUDGET

BY THE

HON. P. BACHAND,

TREASURER OF THE PROVINCE OF QUEBEC.

DELIVERED IN THE

LEGISLATIVE ASSEMBLY, QUEBEC,

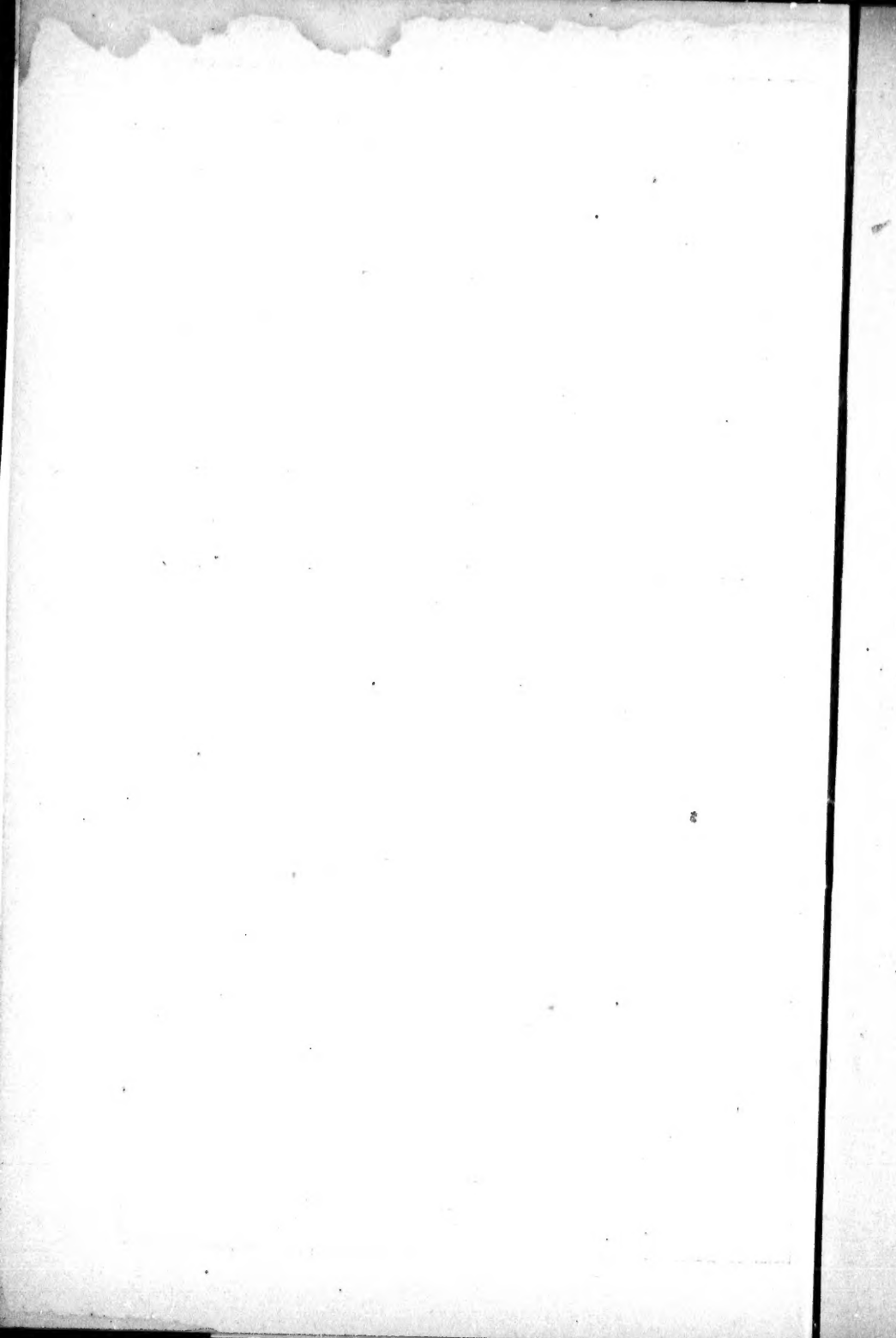
18TH JUNE, 1878.

Reported for Morning Chronicle.



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REPORT ON THE BUDGET

BY THE

HON. P. BACHAND

MINISTER OF FINANCE

LEGISLATIVE ASSEMBLY, QUEBEC



QUEBEC

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THE BUDGET SPEECH.

QUEBEC, TUESDAY, 18th June, 1878.

THE SPEAKER took the Chair at 3.10 p.m.

It having been previously understood that the Budget Speech was to be delivered at this sitting, all routine business was allowed to stand over.

Their Excellencies the Governor-General and Countess of Dufferin occupied seats upon the floor of the House during the delivery of a large portion of the Budget Speech.

Hon. Mr. BACHAND presented the usual Message from His Honor the Lieutenant-Governor, transmitting the estimates for the current year, which were received as usual by the House, the members standing.

Hon. Mr. BACHAND rose at 3.15, amidst applause, to move the House into Committee of Supply. He said:

MR. SPEAKER,—In making the motion that you do now leave the Chair, and that the House do now form itself into Committee to consider the subsidies to be granted for the public service for the next fiscal year, the honorable members of this House will kindly give their attention to an exposé in which I hope to make them clearly comprehend the actual position of the finances of the Province, and the policy which the Administration proposes to adopt with the assistance of the House, for the purpose of equalizing the receipts and expenditure. This information is all the more necessary, that three months ago, my predecessor, in making a motion similar to that which I now have the honor to submit, announced that he was unable to administer longer the affairs of the Province without having

recourse to new taxes. On the other hand, the present Government, in taking the reins of power, engages to fulfil all the obligations of the Province legitimately contracted, without injury to the public service, by the adoption of a policy of economy and retrenchment well applied, and without having recourse to direct taxation. The task of the present Government is then important and difficult, as numerous abuses must have been committed, and the lack of foresight must necessarily have been great, and in both cases it is difficult to repair the evil which has so long existed. This imprudence and these abuses will be easily understood, when it is considered that notwithstanding the relatively considerable revenue of \$2,453,111.03 for the year 1876-77, it is found necessary to acknowledge a deficit of \$81,035.65, although only ten years previously, that is to say in the year ending 30th June, 1868, there was a surplus of receipts over expenditure of \$203,598.85, when the revenue was only \$1,386,857.29. Honorable members will see by these different statements that I have had prepared, and which have been furnished them, the progressive and alarming march of increased expenses every year, notwithstanding the efforts made every session to increase the revenue by means of licenses and stamps of all sorts, and above all by the dilapidation of the public domain. Uneasiness as to the future increases the more when one thinks that the principal source of our revenue, consisting of woods and forests, has probably reached its highest figure, as may easily be seen by statements Nos. 25 and 27 of the volume to which I have referred, whilst the charges on revenue such as interest on public debt, expense of asylums, schools and reformatories increase every year. In order that the position of the Province may be thoroughly understood, let us compare its finances for each year, and we shall see that we can put our finger on the evil which has existed in the general administration of affairs. I have had all these statements prepared, of which I have already spoken, so that the House might easily judge

where the danger lies that threatens us, and how it can be avoided. It is to be wondered that the expenses of the Province have doubled in the space of ten years, and that above all since the accession to power of the late Government. Notwithstanding an increase of receipts that Government left deficits every year, and always on the increase, as will be seen by the following statement of the receipts and expenditure of the Province for the years expiring 30th June, 1868, until 30th June, 1877, (not including the revenues of *bons* and payments on account of railways) :—

Years.	Receipts.	Expenditure.	Surplus.	Deficit.
	\$ c.	\$ c.	\$ c.	\$ c.
1868	1,386,837 29	1,183,238 44	203,598 85	.....
1869	1,676,152 08	1,325,238 67	350,913 41	.....
1870	1,663,236 36	1,584,145 05	79,091 31	.....
1871	1,651,287 09	1,641,479 04	9,808 05	.....
1872	1,746,459 54	1,738,883 48	7,576 06	.....
1873	1,999,942 57	1,731,838 01	268,104 56	.....
1874	2,041,174 71	1,963,685 69	77,489 02	.....
1875	2,335,151 12	2,364,360 39	.....	29,209 27
1876	2,340,151 63	2,355,050 00	.....	14,898 37
1877	2,433,111 65	2,514,147 30	.....	81,035 65
	\$19,273,504 04	\$18,402,066 07	\$996,581 26	\$125,143 29

However, if to judge of the financial position of the Province, we had only that which we find in these statements, we should not perhaps have much cause for alarm, but to judge well of the position, it is above all necessary to know the financial operations of the current year. Hon-

rateable for dues on the Woods and Forests. I must say that I have little hope that all this sum can be realized, but supposing that it can be and putting this receipt against the expenditure for this month, which will be about \$150,000,—including therein the expenses of the session, if it does not last more than twenty-five days, and the expenses of the elections, which will be in great measure paid this month—we shall have on the operations of this month a surplus of \$155,500, so that the deficit of the 31st May last will be at the end of the year, only \$607,773.69, that is to say, \$286,305.16 more than the deficit predicted by the hon. member for Pontiac. It falls then to the present Government to supply the immense loss and to repair this disaster in our finances, and I must say it can only do so with the help of the House and the good will of all. Reforms are needed everywhere, and each must, so to speak, give his mite to save the whole. Otherwise it would be useless to pretend that those who wished to impose upon us direct taxation were not right from their point of view. I have said that our expenses had been doubled in the period of ten years, and that that necessarily signified abuse and want of forethought. Let us examine, for instance, the statements for ten years past of legislation, civil government, administration of justice, of the inspectors of prisons, public offices, the sale of law stamps. Can we believe that the expenditure (for which, see statements 5, 6, 7, 8, 9, 10, 11, 22) could not have been much lessened? Can we believe that the expenditure for legislation, which was, in 1868, \$109,144, and in 1871, \$128,921.93, should necessarily be as it has been in 1876 and 1877, \$167,969.25? Can we believe that the increase of more than \$60,000 for the Civil Service was indispensable. But where we see the greatest difference in the present expenditure compared with what it was ten years ago is in the administration of justice. During the first year which followed Confederation these expenses were only \$274,691. It was, however, contended then that the expenses for the administration of justice

were too great, and to diminish them the District Magistrates Courts' were invented. But astonishing to say although these District Magistrates have cost since their establishment a sum of about \$30,000 a year, the expenses of the administration of justice, besides the expenses caused by the District Magistrates, have continued to increase every year, so that in the year 1876-77, whilst the District Magistrates' Courts cost us \$31,585.45; the other expenses of administration of justice were raised to \$378,141.66. There is certainly a considerable reform to make there. The Government must give much attention to the expenditures made for our asylums, our prisons and reform schools. It will be remarked that in the first year of the Confederation the reform prisons only cost about \$23,000, whilst they cost for the year ending the 30th June, 1877, \$45,713.07, and they are going to cost this year, \$75,000. Here is the statement of this expenditure. [The Hon. Provincial Treasurer here read a detailed statement (No. 14.) showing the cost of the reform prisons at St. Vincent de Paul, Montreal and Sherbrooke, for each year, from 1st July, 1867, to 30th June, 1877.] I do not know if there is any abuse in the detention of the prisoners in these prisons; it always happened during the first year of Confederation, that the Reform Prison of St. Vincent de Paul contained 150 prisoners, whilst to-day there are 383 in the two prisons which replace this one. I make the remark, in passing, that the prisoners confined at Montreal, cost \$140 per year, whilst those confined at Sherbrooke cost \$282. [The Hon. gentleman then read statement (No. 17) from the printed volume, giving more detailed information.] It was perhaps advantageous for the Province to have industrial schools and reform schools; but in this also it can be seen that our budget has been charged with a very heavy expense. As to the lunatic asylums we are struck by the fact, that although the institution at Longue Pointe, established for four years, contains already 628 patients, the Beauport Asylum and the asylum at St. John's contained in 1872, 813 patients; it now

contains 927, and the expense has doubled in ten years. [The Hon. Provincial Treasurer here read detailed statements (Nos. 13 and 15) as to the reform and industrial schools and the lunatic asylums, showing that the expenses of the lunatic asylums, which were in 1869, \$116,595, were in 1877, \$182,287, and that the reform and industrial schools which, in 1870, cost \$1,625, in 1877 cost \$13,020.] If this item cannot be cut down, or if this increase cannot be arrested, at least, we shall be in a position of great embarrassment ten years hence. Now, Mr. Speaker, I propose to enter upon what I regard as the most difficult portion of the task which I have imposed upon myself. The Government, according as I may say to the exigencies of the electors and ratepayers of the Province, have undertaken to administer public affairs without having recourse to the taxation, which it was proposed to impose in February last. Consequently with my colleagues, I understand that we are destined to meet with many difficulties and foes; but we are discharging a duty in the public interest. I comprehend a little what party spirit is; but, on the other hand, I believe that, in the precarious circumstances in which we find ourselves, each hon. member may have, as he has a right to have, his own opinions upon all public questions and to seek to enforce them as best he can. But, I think, I can count upon the patriotism of this House and of all interested in the reforms proposed by the Government to rescue the Province from its difficulties. With the support of the House and the good will of all, we might succeed in avoiding a deficit next year. I now propose to proceed at once to my estimate of the receipts for 1878-9, which is as follows:--Dominion Government subsidy, \$959,252.80; interest on trust funds, \$55,459.32; Crown Lands, \$557,000; Law and Registration Stamps, \$232,500; Insurance Stamps, \$34,000; hotel licenses, &c., \$230,000; *Official Gazette*, \$34,500; police, \$10,000; Administration of Justice, \$12,000; registration revenue, \$5,000; law fee fund, exclusive of stamps, \$10,000; building and jury fund,

\$7,000; Montreal Court House, \$3,800; fines and penalties, \$6,500; Public Works, \$1,500; Legislation, fees upon private bills, sales of Statutes, &c., \$2,650; printing of laws, casual revenue, superior education, \$1,875; municipal loan fund (capital \$2,172,685), \$108,500; interest upon the product of common school fund in the hands of Ontario, \$20,000; interest, \$40,000; total, \$2,331,537.12. I should say that this estimate is in all points similar to that made by the hon. member for Pontiac in his statement of the 31st January last, for the same period, less the \$200,000 from the proposed new taxes. The information which I have received warranted me in anticipating this receipt. The estimate of revenue which I think I shall be able to obtain from Crown Lands appeared to me at first to be a little high; but, according to ordinary data, it has been ascertained that there is room to count upon it. The receipt of \$34,000 from insurance stamps depends upon the decision in the case pending before the Privy Council. Last session, I did not believe that the Government could realize \$108,500 upon the municipal loan fund, as, since two years, only about \$1,100 were collected from this fund. I think, also, that this sum could not have been realized, if the judgment upon the validity of the arbitration had not been rendered. There is reason now to look for the return of this fund even in the absence of the special legislation which seems necessary to facilitate the settlement of the collection of this fund. I should say that it would have been the intention of the Government to bring in a measure to this effect just now, if they did not contemplate a short session. It was high time, however, that this question was settled. If there were only the \$122,300 in bank on the 31st May last, there would be no reason to count upon the \$40,000 mentioned as likely to arise from interest. But we have to count upon other sums on deposit, as I have lately remarked, which justify me in leaving this item of \$40,000 in the probable receipt. For the same reason, I leave the item of \$20,000 for interest to come from the common school fund

in the hands of Ontario. I shall now proceed to my estimate of the expenditure for the year 1878-9. According to the late Government, this expenditure should be \$2,597,571.70. I would note that they made no provision for the payment of the interest upon the \$1,000,000 borrowed by them at 7 per cent. If the then Treasurer had included in that expenditure \$70,000 for this interest, he would have estimated a total outlay of \$2,607,571.70. I propose to review the expenditure in the way which the present Government consider that it should be made and as it is detailed in the estimates submitted. The first item of outlay is that relating to the interest upon the public debt. My predecessor had placed this item at the sum of \$489,586.68. I carry it to \$549,590.68; that is to say, \$60,000 more, because we must pay the interest upon the \$1,000,000 borrowed from the Montreal Bank, all the same as the interest upon our other loans. I would observe, however, that the Province has only yet touched \$300,000 of the last half million borrowed. I also avail myself of this occasion to supply forthwith the information desired by the hon. member for Pontiac with respect to this loan. The only change made in the conditions of the bargain entered into by the hon. member himself, is in the rate of interest, that is to say, the rate has been reduced from 7 to 6 per cent. It will be remarked that I shall only speak for the future of the interest as at 6 per cent upon the first half million, as well as upon the second; because I do not propose to allow the Province to pay interest at 7 per cent. As all will admit, it is opposed to the credit of the Province to pay so high a rate; and, moreover, I doubt that we have the right to pay a higher rate than 6 per cent. The second item is the appropriation for the Legislative Council. It is true that it is the intention of the Government to present, during this session, a measure to amend the constitution as concerns the Legislative Council, that is to say, a measure for the abolition of the Council. However, in the estimated expenditure, seeing that this

bill concerning the Council has not yet been brought before Parliament, I have not thought it proper to omit this expense. It would otherwise have been injurious to the Legislative Council not to mention this appropriation in the estimates, when the measure for the abolition of the Council has not yet been discussed. For this reason I mention this expense, which I hope, will be avoided. But in place of \$44,140 which was the appropriation in the estimates of the last session, I place this expense at only \$36,000. In connection with this reduction, I should allude to the question, of which the solution is essential, so that the expenditure for the Legislative Council (provided always that body should continue to exist,) like unto that for the Assembly, should be diminished, as we propose to do. I wish to speak of the indemnity of members of both Houses, before I make mention of the same in the estimates. But the House understands the position and recalls the programme of the present Government. Therefore, to attain the result at which they desire to arrive, it immediately devolved upon them to themselves propose a reduction of members' indemnity. Moreover, this question was discussed during the late elections, and it was generally admitted by the representatives of the people themselves that this indemnity would be reduced. The Government, however, had not deemed it desirable to ask for too great a reduction, not because the present indemnity of \$600 should be in itself considered excessive; but, under existing circumstances, to retrieve our position, it had become necessary to contemplate a reduction which, however, he regarded as sufficient, if placed at \$100. This reduction would represent an annual saving of \$8,900. To this scheme of economy and retrenchment, all should contribute, and Ministers themselves should be the first to set the example. I must declare that this is not because I view the salaries paid to Ministers in the past exorbitant. I have, moreover, been always of opinion that the salaries of Provincial Ministers should not present too much disproportion to

those of Federal Ministers. But, under the circumstances in which the Province is placed, how could Ministers propose the reductions which they wished to make if they did not themselves set the example. I have preferred to speak at once of this reduction of the indemnity of members and Ministers, so as not to be obliged to repeat these reflections when I have to refer to the expenses of Civil Government. Thus, this difference of \$8,150 in the estimate of the expenses of the Council made by my predecessor, and that which I submit, will be found in the reduction of the indemnity of members and President of the Council; and retrenchment in the contingencies. I have observed that the general cost of legislation should be considerably diminished. Therefore, I only place it at the figure of \$95,406 for the Legislative Assembly, instead of \$127,626, at which it was placed in the estimates of last session, or a saving of \$32,000. It is well to show how we can effect this reduction and saving. Hon. members could convince themselves of the fact that it is possible to practice considerable economy from the circumstance that, during this session itself, a considerable number of sessional clerks and messengers, both of the Council and of the Assembly, had been dispensed with. During last session, there were twenty-seven sessional clerks employed, several of whom were paid at the rate of \$4 per day. Those charged with the internal direction of the House now believe that five sessional clerks were sufficient. At all events, the services of five only had been retained at the rate of \$2.50 per day. Of nineteen messengers employed last session, only ten were actually deemed requisite. It was by means of such retrenchment, both in the number and pay of employees, as well as in the contingent expenses generally and the suppression or more economical change of the Codification Commission that we would succeed in lowering the cost of legislation. Your own Secretary, Mr. Speaker, will only receive \$400 instead of \$1,000, the salary paid to the same officer under your predecessor. You yourself, Mr. Speaker,

have kindly consented to a reduction of \$400 in your salary, and these \$400 alone constitute a goodly mite on your part towards the patriotic work of extricating the Province from its financial difficulties. Election expenses for next year have been placed at the sum of \$10,000; this being to liquidate the outstanding accounts of the Returning Officers, which shall not have been paid on the 1st July next, and to meet the expenses of occasional elections that may have to take place. The library expenses will only be \$1,500 instead of \$3,000. Civil Government appropriation will be \$157,945, as against \$172,942 last year, or a reduction of \$15,000, one cause of which is the reduction of salaries of Ministers. The administration of justice will be \$359,750 being \$50,000 less than last year, owing to the intended abolition of District Magistrates. This item he had been informed by several magistrates might be still further reduced.

Hon. Mr. CHURCH here asked if any official communication had passed to this effect between the Judges and the Government.

Hon. Mr. BACHAND said he had not received official information but only private information. By the abolition of the District Magistrates an expenditure of \$30,000 would be avoided. He contended that these magistrates, as would be seen by item 7, had not diminished the expenses of the administration of justice.

Mr. MATHIEU asked if it was the intention of the Government to indemnify the magistrates.

Hon. Mr. BACHAND said they should be treated as they merited.

Hon. Mr. CHAPLEAU said in the district of Terrebonne, the Magistrate had saved over \$1,500 to the administration of justice.

Hon. Mr. BACHAND said that remained to be verified, and that magistrates often sought to make cases in order to justify their appointment. For police there was an item of \$14,555 against \$38,555 last year; for reformatories \$45,000, which was the same as last year; prison inspection, \$3,900; public instruction, \$364,990, the only change being in the book depot, in the item for which was a reduction of \$2,500; Agricultural Societies, same amount as before; Council of Agriculture, \$400 as before; literary institution, \$2,250. In public works and buildings \$146,577 is the item. This is about the same proportion as in the estimates of last session. The Department of Public Works was \$141,200. According to the report of the Engineer of the Government it appears we can make all the necessary works upon \$75,000. The balance of the \$141,000 was the balance of the price of contract with the contractors. Under the circumstances there was no reason to buy material in advance. In public works appropriation, \$15,000 for the transportation of Crystal Palace on to the Exhibition Grounds of Montreal. Only \$3,000 are put down, because Montreal is bound to provide for \$12,000 for its construction. The total item of charities is \$267,890, \$400 being added to the original amount. Miscellaneous generally he had altered from \$15,000 in last estimates to \$10,000. The principle reduction in collection of revenue is in Crown Lands Department. The Commissioner of Crown Lands has set himself to work and obtained a considerable reduction. A number of employees pensioned off would not be replaced, and a reduction would also be made of \$8,000 in salaries and \$5,000 in surveys. As to the registration service he hoped to economize \$20,000 on the cadastre and do all work necessary. In stamp license a reduction would be made to \$5,000 while the total reduction on collection of revenue and registration service would be \$36,120.

The House then took recess.

AFTER RECESS.

Hon. Mr. BACHAND resumed. He said it would be important to adopt all possible means to reduce the expenditure even more than he anticipated, because the receipts might disappoint us as they had before. He declared there would be an excess of \$17,495 of receipts over expenditure, if they both came out as he expected. The expenses would not exceed the amount he had given. He would now speak of the railroads, of the receipts and expenditure for the current and for next year. He had kept entirely distinct accounts, between the ordinary, receipts and expenditure, and the consolidated railway fund. The operations of this year from the 1st July, 1877, to the 31st May, 1878, were:

Balance in hand.....	\$1,928,088 63
Temporary loan from Bank of Montreal.....	800,000 00

\$2,728,088 63

Balance at the Bank of Montreal.....	\$ 88,551 82
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Levis and Kennebec Railway...\$	21,069 65
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Laurentides.....	55,875 00
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Montreal, Ottawa & Occidental..	3,150 00
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St. Francis and Megantic International.....	82,640 30
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Waterloo and Magog.....	43,700 00
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Quebec Central.....	141,550 00
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Montreal, Portland and Boston..	58,098 03
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Missisquoi and Black River.....	20,403 63
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Lake Champlain and St. Lawrence Junction.....	38,000 00
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\$ 464,486 81

Quebec, Montreal, Ottawa and Occidental....	2,186,108 01
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\$2,600,594 82

The amount of the contract for the east section from Quebec to Montreal (McGreevy, contractor,) was \$4,792,387.-

50 ; paid on account of these works by the municipalities and Government, \$3,803,450.05 ; remaining to be paid, \$928,937.45. The Railway Commissioners had found for certain reasons that there must be an increase in the cost of these works. They mention that a sum of \$202,657.94 ought to be given in excess of the contract, that is to say there would be required to complete this section, \$1,131,595.39. It will be a question to be decided later whether that extra amount of \$202,657.84 should be allowed. As to the western section the position was different. The contract price of the railroad from Montreal to Aylmer was \$3,601,649.95, on account of which there had been paid by the municipalities, \$346,644.62, and by the Government, \$516,549.95. Since the Government had taken charge of this road they had paid to the Commissioner, \$2,665,000, and a further amount to the Jacques Cartier Bank of \$400,000, which the latter had advanced to the Contractors, which was certainly detrimental to the Province.

Hon. Mr. CHURCH—The reason why that sum was paid was because the Province had bound itself by its engagements with the company to pay the debts of the company, and the company had become responsible to the bank for \$400,000, due by the contractor.

Hon. Mr. BACHAND—The result was that the contract which ought to have cost \$3,601,649.95 had cost \$3,928,194.57 or \$326,544.62 more than the contract price. The difference between the cost of the contract and the estimate arrived at by the Commissioners was \$990,825.43. The amount that will be required to complete both sections would be as follows:—From Quebec to Aylmer—Eastern Section, \$1,131,595.39, Western Section, \$664,280.80 ; telegraph line on East Section, \$15,000 ; Station at Montreal, including the land, \$250,000 ; less, \$60,000 ; value of land &c., to be furnished by contractor, \$190,000 ; contingent expenses, \$50,000, making a total of \$2,050,876.19 to com-

plete the road. He would not speak of the construction of the road from Aylmer.

Hon. Mr. CHURCH—I should like to hear the honorable gentleman on the subject.

Hon. Mr. BACHAND—It might be in the interest of the Province to construct that portion of the road between Aylmer and Portage du Fort, but we must examine our financial condition. It might be in some particular, or even general interest, to build the bridge at Ottawa, but for the moment he would leave aside those two items. If these works were necessary to meet the public interests, the Government would take the necessary means to construct them.

Mr. MATHIEU asked if the Government intended to verify the statements made by the Commissioners.

Hon. Mr. BACHAND said the Government had appointed Mr. Walter Shanly, to make a general examination as to the state of the road and the position of the Government toward the contractors. With reference to the amount the Province would be called upon to pay to the other subsidized roads, he would refer to the statement by which it would be seen that the St. Francis, Megantic and International, must have a subsidy of \$320,000, and had had received already \$214,925.25, leaving a balance of \$89,076.75 to be paid, etc. He said he would not delay the House by recapitulating the subsidized roads, but the total amount to be paid was \$5,359,000. [Here the Honorable gentleman was seized with a violent fit of coughing, brought on by the affection of the throat, which evidently caused him intense pain.]

Hon. Mr. CHURCH said "if the Honorable gentleman does not feel able to give us those figures, I would be perfectly willing to adjourn the discussion."

Hon. Mr. BACHAND—"I want to finish."

Hon. Mr. CHURCH—"On our side of the House we would be most happy to extend to the honorable gentleman any indulgence he may desire."

Hon. Mr. BACHAND—The amount paid was \$1,481,066.04, leaving to be paid \$1,916,010.96. Hon. members will thus see that the obligations of the Province towards railways is \$2,050,010.96 for the road between Quebec and Aylmer, and a balance due to subsidized railways of \$1,716,010, making a total of \$3,766,021.92. Naturally we should know what means we are to adopt to finish these roads. Ought we to continue the old system? There is at present cash on hand \$33,000, to meet these obligations of \$3,766,000. Ought we to consider the old system of raising loans. Since we have but \$33,000, we must find means elsewhere. Where are these means? Last session a law was passed to permit the Province to borrow \$3,000,000 on its debentures to finish these works—to complete which it was deemed necessary to form the Consolidated Railway Fund. Could the Province raise a loan? Those who had preceded him, had endeavored to go into the different markets, in England and elsewhere, in which they had to state the condition of the Province, and then were obliged to go into our local institutions, and transact business as a private individual would.

Hon. Mr. CHURCH—Do I understand the honorable gentleman to say that I made an effort in the English market or other foreign markets to borrow money last year? If he did, it is a mistake.

Hon. Mr. BACHAND—Frankly, I cannot say that he did. It is the intention of the Government to endeavor to avoid making a new loan, which it will be very difficult to do, and he would not guarantee that the attempt would be successful, but at any rate it was worthy the consideration of the House. The question of arbitration between Ontario

and Quebec was now finished. The decision of the arbitrators, Hon J. Hamilton Grey and Hon. D. L. Macpherson, having been sustained, for which however the present Government would not be held responsible. He believed the interest of the Province had been neglected. Quebec had borrowed but three million dollars while Upper Canada had borrowed seven millions dollars of the municipal loan fund, and yet both had been put upon an equal footing. He read and commented upon several items of the award, to show the assets which should result from the decision, the amount of which he estimated at \$412,374 25 which was payable to us by the Federal Government as well as \$94,459, the price of their share of the old library of Canada and other effects. He compared the amounts admitted to be due by Ontario to Quebec out of the common school fund as admitted by Hon. Mr. Woods, the late Treasurer, to be \$880,604. and by Hon. Mr. Crooks, the present Treasurer, \$814,584. In summing up his arguments on the question. he said the Federal Government owe us \$412,000 and the amount for the library \$94,000, and Ontario would owe us \$860,000. It was difficult to say what would be required for the railroads on the South Shore, but he believed they could not exact a considerable amount. He was of opinion that with a hundred thousand dollars now the Government could obtain from the municipalities what they owed. Of course we could not ask the municipalities to pay up before fulfilling our obligations. What he hoped was that by means of this inconsiderable amount the Government could obtain from the municipalities sufficient to continue the work from Quebec to Montreal and Aylmer. His position was this, that in order to save the Province from being refused a loan or having to pay a large interest, he would endeavor to touch these amounts due by the Federal Government, by Ontario and by the municipalities, and also what may be due on the municipal loan fund. The moment they obtained the municipal subscriptions, there would be no difficulty in finishing the works and in paying

the subsidies without having recourse to a new loan. The contractors were obliged to take the municipal debentures of Quebec and Montreal.

Mr. MATHIEU—Mr. Macdonald will not take them.

Hon. Mr. BACHAND—Because he has taken \$600,000 more than he should have received. The Dominion Government had declared itself a debtor to Quebec for \$1,347,915. In examining this account he found its heading to be an account between the Dominion Government and the Province of Quebec without any mention of interest on the public debt. If it was correct that the Dominion owes us that amount then they owe us interest on it.

Hon. Mr. CHURCH said the Honorable member for Sherbrooke had stated that he had discussed this question with the then Finance Minister, who did not think the claim was very serious.

Hon. Mr. BACHAND said he was not responsible for what the Honorable member for Sherbrooke had done.

After a short discussion with Hon. Mr. Church with regard to the correctness of certain figures quoted in that gentleman's last Budget Speech.

Hon. Mr. BACHAND concluded by saying he would do his best to extricate the Province from its present difficult position, and after apologising for the length of his speech, he sat down amidst cheers from the House, at 9.45, having spoken exactly four hours and a-half.

Hon. Mr. CHURCH suggested the adjournment of the debate, considering the lateness of the hour and the indisposition of the Treasurer. It was also he said the practice to do so after the financial statement, and to adjourn after going into Committee and passing one item *pro forma*.

The House accordingly went into Committee—Mr. Shehyn in the chair.

The item relative to the interest on the public debt was passed and the Committee rose and report progress.

Mr. MATHIEU moved for a list of the public employees of the Province, including those of the House of Assembly and the Legislative Council, permanent and extra, &c., &c. —Carried.

The House then adjourned at 9.55 p.m.

On the following day, upon the motion to go into Committee of Supply,

Hon. Mr. CHURCH said that he would seize the opportunity of making a few remarks upon the Budget. He had been unable to obtain from that speech any exhaustive idea of the financial affairs of the Province. His honorable friend had laid particular stress upon a statement that the country had been brought to a ruinous condition, almost, indeed, to the verge of bankruptcy. Fortunately for the party with which he had been connected, however, they had left behind them their records, and he would endeavor in as succinct and brief a manner as possible, to show that the deficit, which was alluded to so frequently by the Treasurer, was an imaginary and not a real one, as he had already asserted in his last Budget Speech. In support of this pretension the honorable gentleman read from the report of his last financial statement, to show that the estimated revenue was \$2,488,000 and expenditure \$2,514,147, leaving an apparent deficit of \$81,085. It was absolutely necessary, however, to remember that the Government had voted that year \$18,000 for agricultural grounds in Montreal, and had also loaned to the Public Works Department \$48,521 to erect the building upon Logan's farm. There had been expended \$83,806.83 on the new public departmental buildings in

this city, and \$31,458 on the new female jail of Montreal, of which \$25,000, however, had been received from the City of Montreal. There had been expended \$93,899 in cadastral service, which ought to be charged to capital account. In all, these different items amounted to \$215,785, which he placed against the apparent deficit. He therefore argued that the ordinary normal expenditure of the Province did not exceed its ordinary normal revenue. He declared that a search of the books of the Treasury Department would prove this fact, and would also establish that during the ten years of Confederation, the Provincial revenue had been \$19,273,504, while the expenditure had been but \$18,400,000 in round figures, or a saving of over three-quarters of a million, besides which there had been an acquisition of property, making that amount up to over \$1,500,000 saved in ten years. He contended that it was absurd to talk of a Province being upon the verge of bankruptcy, when its expenditure only reached 90 per cent. of its income. The Treasurer had alluded to an increase of expenditure from 1863 to 1877, but it was also true that the revenue had increased in equal proportion. With reference to District Magistrates, he said that if parsimony and falsely-styled economy, such as the proposed abolition of District Magistrates denied people justice, they did them a great injustice. It had been said that the appointment of District Magistrates had not saved any expense in the administration of justice, but he might say that it was never intended that it should. There might, however, be more of these magistrates than the country really required. He spoke from experience as a past Crown prosecutor, when he asserted that the abolition of the Magistrates would not decrease materially the cost of the administration of justice. The Magistrate of the District of Ottawa had saved during the past year more than twice his salary. In reference to the item for Reformatories and Asylums, he regretted the policy of retrenchment of the Government, and gave credit to the honorable

member for Megantic for the interest he had taken in the little waifs and in the insane, from 1867 to 1871, stating that in the event of a class of criminals being trained up here the result would fall upon the authors of this parsimonious money and unwise economy. The honorable gentleman then proceeded to take considerable credit to the late Government for its railway policy, which though adopted at the cost of our credit was a step towards lifting the Province from the slough of backwardness in which it had so long remained. He also spoke in praise of the policy of progress which marked the Parliament that had just ceased to exist, and defended the policy of the late Government with reference to registration, colonization, &c.

At six o'clock the Speaker left the Chair.

AFTER RECESS.

Hon. Mr. CHURCH resumed his reply to the Budget and urged the necessity of following out the policy of the late Government, and completing the railways now in course of construction in this Province. He concluded an able and brilliant speech amidst applause from the Opposition side of the House.

Hon. Mr. JOLY replied in a most sarcastic and biting manner to the statements of Mr. Church, to the effect that every feeling of his nature was aroused by the policy enunciated by the Honorable Treasurer yesterday. He did not wonder at the bitter disappointment that must have been experienced by the honorable gentleman when he had, so to speak, to give the lie to his own policy. He felt certain that not only the House, but the member for Pontiac in particular, must have felt exceedingly grateful to the Treasurer for his very clear and lucid speech of yesterday, without exception the very clearest, most lucid and most honest financial statement ever made in the House; a statement, every figure of which could be checked over and proved by the carefully prepared and

voluminous printed statements which had been distributed, and accompanied the delivery of the speech. He could understand one reason why every feeling of the honorable member's nature was aroused. He had heard him say of the Hon. Mr. Bachand, that if the Treasurer did his duty he *might have* a surplus. It must be especially galling to him to think that there was a possibility of the Treasurer having a surplus, after the large deficit which we had last year. The Honorable Premier alluded to the ingenious manner of the ex-Treasurer in attempting to prove that there was no deficit by drawing a distinction between capital account and ordinary expenditure, and charging many of the heavy expenses of the Province year after year to capital account. The late Treasurer and his friends had taken unction to themselves every year, contending that they had no deficit because they charged their expenditure to capital account. He was thoroughly convinced that the present Treasurer was perfectly justified in refusing to make the distinction between ordinary expenditure and capital account. If this difference could be made in the expenditure, it should also be made in the revenue. But turning to the sources of our revenue, the impossibility of drawing such a distinction was obvious. Any one, for instance, who knew anything of the timber trade, knew that the value of the forest resources was not increasing but was every year growing less, while lumbermen had annually to go further up the streams for good timber, and yet found each year a less quantity and poorer quality of timber. The Honorable Premier next referred to the remarks of Mr. Church respecting the abolition of the District Magistrates' Courts, arguing that the justice often obtained at these Courts was more objectionable than the impossibility of obtaining justice at all. Again, the member for Pontiac, in alluding to idiots and lunatics had said that it was the intention of the Government to open the doors of the asylums and let out these poor drivelling creatures upon the street. The

Government had no such intention; but he thought that many idiots had wealthy friends and relatives who should be required to pay for their support, in order that their burden should not be cast upon society. In his opinion, the Treasurer had only done his duty in drawing the attention of the House to these matters. Coming to public works, he said that the Government was ready to carry out those to which the faith of the Province was pledged. With respect to the Departmental Buildings at Quebec and the vote of \$75,000 therefor, he stated that there were immense quantities of materials upon the ground, much more in fact than would be employed for two years to come. It was not, therefore, the intention of the Government to expend at present any more money upon material, but to employ upon the works as much labor as possible. Speaking of the conditions of the last half million loan, he said that last session he had sat beside the present Treasurer, and heard him state that the member for Pontiac had paid too high for the loan. He little thought that it would be his (the Treasurer's) place, within three months, to undertake the negotiation of a similar loan, and prove the correctness of his strictures. With reference to what the ex-Treasurer had said respecting the reduction of salaries, the honorable gentleman contended that no action of the Government could be construed into vindictiveness against any of the public employees. Small salaries had not been touched at all, and those which had been increased last fall were only to be reduced to what they were before. He certainly had not the gloomy view of the municipal subscriptions to railways which the ex-Treasurer had. He believed that honesty would go out to meet honesty and that the cities would meet their obligations fairly and squarely. He had been met most liberally and fairly by the Corporation of Quebec, and believed that the engineer appointed by it for the purpose of verifying the work done, had gone over the line to-day, and that as soon as his work was completed, the city would be ready to pay to the

Government the proportion of its subscription corresponding with the proportion of the work. The Three Rivers City Corporation had also met him very fairly and the Mayor had told him that the \$100,000 subscription would be paid as soon as the depot of the Piles Branch was located within the city limits. He had not yet been able to approach the City of Montreal, but had no doubt of arriving at a satisfactory agreement. The Hon. gentleman concluded a most brilliant speech, by again paying a compliment to the very explicit, complete and faithful financial *exposé* made by the Honorable Treasurer yesterday. (Applause.)

Mr. MATHIEU followed in a criticism of the Budget Speech until 11.30, when the House adjourned until Friday afternoon.

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